

# 2020-2021 QAP OVERVIEW

IAHC Annual Meeting  
May 8, 2019

# SESSION OVERVIEW

- Revision Process Recap
- New QAP – At a Glance!
- Set-Aside Categories
- Threshold Requirements
- Evaluation Factors
- HOME, Development Fund, National Housing Trust Fund
- Multifamily Tax Exempt Bonds/4% Credits
- Miscellaneous & Reminders



# REVISION PROCES RECAP

- One-on-one meetings with development partners in December & January
- QAP 1<sup>st</sup> Draft, Public Hearing, and 2 week Comment Period
- QAP 2<sup>nd</sup> Draft, Public Hearing, and 2 week Comment Period
- Final QAP presented at the March 28, 2019 Board Meeting
- Approved by Governor Holcomb on April 11, 2019

# NEW QAP – AT A GLANCE!

- Set-Asides remain the same, although several modifications made
- Clarifications and adjustments to threshold requirements
  - Additional standards to meet if requesting Project Based Vouchers from IHCD
  - Increase in allowable developer fee
  - Waiver of right to request qualified contract
  - Special Needs Agreement to be submitted at the time of final application & request for 8609
- Three new scoring categories
  - Internet access
  - Leveraging opportunity zones
  - Reducing the impact of eviction
- Multifamily Tax Exempt Bonds – maximum request increased
- HOME – Certified CHDOs can request up to \$600,000

# SET-ASIDE CATEGORIES

## Changes:

- Qualified Not-for-Profit
  - Minimum developer fee to NFP increased from 25% to 35%
- Workforce Housing
  - 6 qualifying counties, removing those receiving allocations in 2018 & 2019
  - Must select income averaging
- General
  - Annual public hearing to receive input

% of Available RHTCs	Set Aside Category
10%	Qualified Not-for-profit
10%	Stellar Community Designation
10%	Community Integration
10%	Large City
10%	Small City
10%	Rural
10%	Preservation
10%	Workforce Housing
10%	Housing First
10%	General

# THRESHOLD REQUIREMENTS

- Financial Statements – simplified the requirements (from whom & what)
- Clarified lender letter language and financing not yet awarded
- Phase I Environmental Assessments:
  - Will accept reports dated within the last 18 months
  - Require narrative to address and RECs
  - Phase I must be completed by a disinterested 3<sup>rd</sup> party (verified with affidavit)
  - Added link for FEMA flood plain maps
  - Added section on Development Fund State Historic Review
- Appraisal - required if the project is requesting Project Based Vouchers (PBV) from IHCDA
- Capital Needs Assessment - not required to be submitted in advance for 4% credit/bond applications

# THRESHOLD REQUIREMENTS – CONT'D

- Underwriting Standards
  - Minimum operating expenses of \$4,500 per unit per year
  - Projects with PBV cannot have a cash flow that exceeds 10% of total operating expenses
  - Annual operating reserve calculation to include annual replacement reserves
  - Replacement reserve to be funded throughout the Extended Use Period, not just throughout the loan term
  - Projects with PBV must have a DCR of 1.10-1.45.
- Irrevocable Waiver of Right to Request Qualified Contract Right
- Developer Fee
  - Fee increased by 15% for 9% developments
  - Fee does not include market rate units



# THRESHOLD REQUIREMENTS – CONT'D

- Hard Cost & Soft Cost Contingency Caps
- Minimum Development Standard Updates (smoke detectors, gutter guards, excessive flow valves)
- Universal Design Features – new options added
- Form K to be submitted at the time of final application
- 4% credit/bond applications with 5 or more technical corrections will be disqualified; may resubmit after 60 days

# EVALUATION FACTORS



- Score
  - Minimum score for 4% credit/bond applications is 40
- Rents Charged
  - Workforce Housing – must select income averaging & no longer automatically qualify for maximum points
- Development Amenities – new options added
- Preservation of Existing Affordable Housing – removed the requirement for HUD and USDA priority letters; removed tiered points
- Neighborhood Stabilization
  - At least 50% of the units must qualify to earn these points
  - Updated greyfield definition

# EVALUATION FACTORS – CONT'D

- Community Revitalization Plan
  - Plans must be dated within the last 15 years
  - Adopted or certified
- Federally Assisted Revitalization Award
  - Partial points available for Promise Zone
  - Addition of OCRA's Blight Clearance Program
- Tax Credits Per Unit & Tax Credits Per Bedroom
  - Each decreased from 4 points to 2 points
  - All construction types compete together
- Internet Access (NEW CATEGORY)
  - Points range from providing necessary infrastructure (1 point) to providing free high-speed internet/broadband service that is Wi-Fi and also available common areas (4 points)

# EVALUATION FACTORS – CONT'D

- Desirable Sites
  - All distances measured by a radius on a map, not by mapping out true walking distance
  - For fresh produce, store must be open at the time of application; required documentation includes interior and exterior photos (to be included in the market study)
  - Opportunity Index
    - Post secondary education & access to employment – within 3 miles (but only if the development qualifies for transit-oriented points)
    - R/ECAP – can result in negative point; not applicable to Preservation set-aside deals
- Leveraging Capital Resources
  - Removed below market interest rate calculation
  - Funds structured as loans are not required to have term of at least 15 years
- Leveraging Opportunity Zones (NEW CATEGORY)
  - Commitment from Opportunity Zone Fund with:
    - No request for IHCDCA gap resources (1.5 points)
    - Basis boost request not exceeding 20% (1.5 points)
    - 3 points for meeting both

# EVALUATION FACTORS – CONT'D

- Non-IHCDA Rental Assistance – Federal or State assistance program only
- Census Tract without Active Tax Credit Developments
  - Partial points (1.5) for only one active
  - Preservation Set-Aside and only active, full points (3)
- Housing Needs Index
  - Updated list of counties experiencing population growth
  - Rent burdened counties updated based on 45% or more of renters being burdened
- Lease Purchase – 100% of units must be lease purchase to qualify
- Unique Features
  - Points reduced from 6 to 4
  - Separate unique features narrative not to exceed one page

# EVALUATION FACTORS – CONT'D

- Integrated Supportive Housing
  - Point values increased to 6 and 3
  - Applicants requesting partial points must submit their plans for review to CSH 60-90 days in advance
- Smoke-Free Housing – clarified required documents
- Community Participation – updated qualifications and required documents
- Reducing Impact of Eviction (NEW CATEGORY)
  - 2 points for creation of an Eviction Prevention Plan
  - 3 points for creation of a Plan and low-barrier tenant screening that will not screen out applicants for evictions that occurred more than 12 months prior to the date that the household applies for a unit

# EVALUATION FACTORS – SIDE BY SIDE COMPARISON

## 2018-2019

Scoring Section	Total Number of Eligible Points
1. Rents Charged	16 Points
2. Development Characteristics	63 Points
3. Sustainable Development Characteristics	14 Points
4. Financing & Market	17 Points
5. Other	33 Points
<b>Total Number of Points Possible</b>	<b>143 Points</b>

## 2020-2021

Scoring Section	Total Number of Eligible Points
1. Rents Charged	16 Points
2. Development Characteristics	63 Points
3. Sustainable Development Characteristics	14 Points
4. Financing & Market	20 Points
5. Other	35 Points
<b>Total Number of Points Possible</b>	<b>148 Points</b>

- +3 Leveraging Opportunity Zones
- 2 Tax Credits Per Unit
- 2 Tax Credits Per Bedroom
- +4 Internet Access
- 2 Unique Features
- +1 Integrated Supportive Housing
- +3 Reducing Impact of Eviction
- + 5 Points**

# HOME, DEVELOPMENT FUND, NATIONAL HOUSING TRUST FUND

- HOME
  - Certified CHDOs may now request up to \$600,000
  - Subsidy limits increased
  - Additional clarifications added
- Development Fund
  - Added language that IHCDA may issue a RED Notice reducing the maximum request based on availability of the fund
  - Projects cannot be divided into multiple applications to seek multiple allocations of Development Fund
- National Housing Trust Fund – updated application and policy coming soon

# MULTIFAMILY TAX EXEMPT BONDS

- Maximum bond request increased to \$35,000,000
- Minimum score of 40; application will be disqualified if it has 5 or more technical corrections
- IHCD reserves the right to reduce the maximum bond request or to close the bond application round based on available bond volume

# MISCELLANEOUS & REMINDERS

- Amended various fees (i.e. application, modification, late. etc.)
- Removed the 150 Day Documents Requirement
- 2020 & 2021 Annual Rental Housing Tax Credit Rounds



Application Deadline	Anticipated Reservation Date
July 29, 2019, 5:00 PM Eastern Time	November 21, 2019
July 27, 2020, 5:00 PM Eastern Time	November 19, 2020

- Per capita credit amount:  $6,691.878^* \times 2.75625 = \$18,444,488$

*\*2019 population figure*

# MISCELLANEOUS & REMINDERS – CONT'D

Event	Required Timeframe for Submission
-Waiver Requests -CNA/Structural Conditions Reports -IHCDA Notification (Form C)	-Due by June 29, 2019 -Due by June 29, 2019 -May 29, 2019 - June 29, 2019

# MISCELLANEOUS & REMINDERS – CONT'D

- Appendices, Forms, and Schedules – Coming Soon!

- QAP FAQs

State of Indiana [US] | https://www.in.gov/myihcda/rhtc.htm

MENU | IN.gov | BUSINESS & AGRICULTURE | RESIDENTS | GOVERNMENT | EDUCATION | TAXES & FINANCE | VISITING & PLAYING | FAMILY & HEALTH

IHCDA PARTNERS » PROGRAM ADMINISTRATORS » RENTAL HOUSING TAX CREDITS (RHTC) / TAX CREDIT ASSISTANCE PROGRAM (TCAP)

### RENTAL HOUSING TAX CREDITS (RHTC) / TAX CREDIT ASSISTANCE PROGRAM (TCAP)

[2020-2021 QAP](#)  
[2018-2019 QAP](#)  
[2016-2017 QAP](#)  
[RED Notices](#)  
[Application Policy and Forms](#)  
[Compliance Manual and Forms](#)  
[Reference Materials](#)  
[Trainings and Events](#)  
[Credit Percentages](#)  
[Applications and Awards](#)  
[Contacts](#)

The Qualified Allocation Plan (QAP), details selection criteria and application requirements for the Rental Housing Tax Credit (RHTC), Multifamily Bonds and HOME funds in conjunction with RHTCs. It contains all deadlines, application fees, restrictions, standards and requirements.

The QAP is unique to the authoring state, but is built upon the basic requirements set by the Internal Revenue Code Section 42. If you are a developer interested in learning more about any of the above listed programs, please review the QAP documents listed below.

#### 2020-2021 QAP

[2020-2021 QAP - FINAL](#)  
[2020-2021 QAP Changed tracked from 2nd draft](#)  
[2020-2021 QAP - FINAL - Summary of changes](#)  
[2020-2021 QAP - 2nd draft](#)  
[Summary of Changes - 2nd draft](#)  
[Schedule D - Section 1 - Private Activity Tax-Exempt Bond Financing - 2nd draft](#)  
[Schedule E - Procedures for Accessing HOME Funds - 2nd draft](#)  
[Schedule J - Procedures for Accessing the Development Fund Loan Funds - 2nd draft](#)

[2020-2021 QAP - 1st draft](#)  
[Summary of Changes -1st draft](#)  
[Schedule E - Procedures for accessing HOME funds - 1st draft](#)

**Top FAQs**

For State Employees Only: How do I reset my password?

What are the key differences in Exchange Online?

# QUESTIONS

**MATT RAYBURN, DEPUTY EXECUTIVE DIRECTOR AND CHIEF  
REAL ESTATE DEVELOPMENT OFFICER  
MRAYBURN@IHCDA.IN.GOV**

**ALAN RAKOWSKI, RENTAL HOUSING TAX CREDIT MANAGER  
ARAKOWSKI@IHCDA.IN.GOV**

**PETER NELSON, RENTAL HOUSING TAX CREDIT SPECIALIST  
PNELSON@IHCDA.IN.GOV**